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THE DEFENSE CONTRACT MANAGEMENT COMMAND
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IN REPLY
REFER TO

AQOC

February 4, 1997

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS
COMMANDERS, DCMC CONTRACT ADMINISTRATION
OFFICES**

**SUBJECT: DCMC Memorandum No. 97-18, Contract Receipt, Review and Postaward
Benchmarking Results (INFORMATION)**

This is an INFORMATION Memoranda. It expires upon incorporation in a lessons learned/best practices database, not to exceed one year. Target Audience: ACOs, CAs and other multifunctional team members..

BACKGROUND:

The contract receipt, review and postaward process was identified by the DCMC Benchmarking Steering Group as a key process for benchmarking based on a risk assessment completed due to the high number of PLAS hours charged for Code 031. This memorandum provides you with some background information about the benchmarking process and recommendations for process improvements resulting from the study.

The benchmarking team consisted of seven multifunctional field representatives and the HQ DCMC process owner. Their charter was to actively pursue quality, cost and responsiveness improvements to the contract receipt and review process. Their goal was to define a process which reduces existing performance gaps and develop performance metrics that will reflect how well DCMC conducts contract receipt, review and postaward.

DISCUSSION:

The team analyzed all data available on contract receipt, review and postaward, including its subprocesses. Based on a risk assessment, they determined that the higher risk in the process was realized prior to the postaward phase and as a result, benchmarked only the contract receipt and review (CRR) portion of the process.

A questionnaire was developed to gather information from the CAOs on their CRR process, including data on innovations, best practices, metrics, workload and organizational structure. Sixty-four CAOs responded of which 45 showed promise as a benchmarking partner. Fifteen sites were selected to visit as a result of analyzing contract

workload, PLAS hours in Code 031, process improvements identified in the process improvement network (PIN) database and CAO response to the survey.

Each site was visited by two benchmarking team members. The agenda included an entrance briefing, a management review (CAO briefing, purpose of visit, surveys), a working-level review (purpose of visit, surveys), visits to work areas, and an exit briefing.

All the data collected before and during the site visit was utilized to develop a composite process in order to meet the requirements of the team charter. The team delivered several end products, including best practices, identification of performance gaps, and proposed metrics. Details are provided in the attachments to this memorandum.

RECOMMENDATIONS:

The team concluded that there was no single optimal process at the CAOs for performing CRR. Two approaches, centralized and decentralized, were found to produce the highest results. In a centralized process, a centralized team, referred to as a “data integrity group or DIG,” performs CRR with focus on data integrity. In a decentralized process, the CAO operations team is responsible for performing CRR with data integrity being a function within the responsibilities of each team member and not necessarily the primary focus. Either process is recommended for use as appropriate by the particular office (Attachment I).


Four metrics were developed to measure quality, timeliness, cycle time and productivity of the CRR process (Attachment 3). These metrics are good management tools and CAOs are encouraged to implement them on a case-by-case basis. HQ DCMC does not require CAOs to report metrics for the contract receipt, review and postaward process.

CONCLUSION:

The CRR process is not limited to Administrative Contracting Officers, Contract Administrators or Procurement Technicians. The process is also performed by Industrial Specialists, Quality Assurance Representatives, Property Administrators, Engineers and other multi-functional team members. No additional resources would be required to perform the function regardless of whether a centralized or decentralized process is used. However, formal and informal training, focusing on risk assessment and data integrity, may be required in order to maintain functional expertise (e.g., MOCAS/SICM training, PLAS training, functional cross-training).

The intent of the internal benchmarking process is to improve service to our customers by providing an accurate and reliable database. The study resulted in narrowing existing performance gaps and harnessing best practices from field activities within DCMC which in turn will enhance contract performance and closeout efforts.

Attachments 1 through 3 provide the Best Practices, Lessons Learned (performance gaps, strengths and weaknesses) and proposed metrics, respectively. These are tools and information the CAOs should use to improve their processes. Attachment 4 lists the members of the Benchmarking Team. Contact the Process Owner or the Team Leader for questions you may have regarding the CRR process or benchmarking study.



JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachments

CONTRACT RECEIPT AND REVIEW BEST PRACTICES

A. CENTRALIZED PROCESS: Performed by a data integrity group (DIG):

1. Receive contracts/modifications from the mail room
2. Perform a detailed review of the contract/modification against the abstract using a Data Integrity Check Sheet (See example at Appendix 2).
 - a. If the abstract or contract/modification has not been received, refer to One Book Chapter, Part IV, Chapter 1, Para 5.F.2 for guidance.
3. Make corrections to the MOCAS/SICM database.
 - a. Prepare DLA Form 1797 (Request for MOCAS Action/Information) and/or DLA Form 1716 (Contract Data Package Recommendation/Deficiency Report), as required.
4. Folderize contract and forward the file to appropriate Operations team.

**DIG Members:* Procurement Technicians and Procurement Clerks. However, when first established two GS-11s (1910 & 1150) were detailed to help train the DIG.

**DIG Locations Identified During Site Visits:* DCMC ORLANDO AND DCMC CLEARWATER.

B. DECENTRALIZED PROCESS: Performed by the Operations team .

1. CAO receives contracts/modifications from the Buying Activity and distributes to appropriate functional elements/ACO team.
2. ACO team/functional elements:
 - a. establish contract files.
 - b. review contract and verify contract data in MOCAS data base.
 - (1) If the abstract or contract/modification has not been received, refer to the One Book, Part IV, Chapter 2, para 5.F.2 for guidance.
3. Provide changes to the Trusted Agent, if required.
4. Prepare DLA Form 1797 (Request for MOCAS Action/Information) and/or DLA Form 1716 (Contract Data Package Recommendation/Deficiency Report), as required.

C. CRITICAL TO BOTH PROCESSES:

1. **Data Integrity** - It is important to note that whether an office has a centralized or decentralized structure for performing contract receipt and MOCAS review, the crucial point is to ensure the integrity of the MOCAS/SICM database which can be accomplished as follows:

- a. Perform detailed initial review of each new contract and correct any errors upon initial receipt of the contract. Database integrity would also be improved by using a cover-sheet check list for reviewing each contract (See example at Appendix 2).
- b. Establish a metric to track database integrity.
- c. Revise individual performance plans to include data integrity responsibilities as a critical element.
- d. CAO in-house training programs should be developed which address the development and utilization of check sheets. The emphasis for the training should be placed on contract review to recognize elements of concern related to data integrity. The windows based MOCAS computer based training (CBT) modules should be used as part of this training program. These training modules were developed by DCPSO St.Louis and are available on your DCMD Local Area Network (LAN). Basic ADP related training (COMPASS, ORS, EXCEL, or ACCESS) is also recommended for purposes of providing and manipulating metrics data.

2. **Risk Assessment** CAO in-house training programs (cross training/on-the-job training) should be developed which address how to review contractual documents and perform risk assessment in order to determine if a Postaward Conference is required. Appendix 3, Contractor Risk Assessment Sheet, was found to be an excellent tool and is recommended for use.

APPENDIX 2

DATA INTEGRITY CHECK SHEET

CONTRACT NUMBER: _____

CONTRACTOR: _____

DATE CONTRACT RECEIVED: _____

CAR PART: _____

OBLIGATED AMOUNT: _____

FIRST ARTICLE: YES or NO

SECURITY CLASSIFICATION: DD Form 254 Yes or No / CLASS. _____
(Notify DIS)

PROGRESS PAYMENTS: YES or NO

Review contract for clauses and verify that the abstract lists all the required R9 codes. Note any additions or deletions which may be necessary to correct the abstract.

R9 CODE		REMARKS	PAGE NO.
@ *	01	Non-DoD Reimbursement Contracts	
@#*	02	Patent Rights Rpt Required, 52.227-11,12,13	
@#*	03	Special Tooling Rpt Due, 52.245-17	
@	04	Spares Provisioning	
	05	Quantity Option Expires, 52.217-6,7,9	
@ *	06	Unpriced Order	
	07	Duty Free Entry, 52.225-10,252.225-7007,7014	
@	08	Demil. Clause Req. for Final Pay	
@	09	Terminated for Default or Convenience	
	10	National Industries - Blind	
	11	National Industries - Severely Handicapped	
	12	Federal Prisons Industries	
#*	13	Guar Max Ship/FOB Orig/Min Size, 52.247-60	
	14	Data Item Description (DID)	
	15	Negotiated Contract	
*	16	Dt. Financial Report Required	
	17	Progress Report, DD 375, Due from Contr.	
*	18	Dt. Next FPI/FPR Qty Stmt Due	
	19	Privately Owned US Flag Vessels, 52.247-64	
	20	Cost Accounting Standards Cl., 52.230-3.4	
	21	NASA New Technology Report Required	
	22	Mandatory Review of OBL & FP	
@	23	Notice of Award - Hard Copy Required	
*	25	Foreign Military Sales	
#*	26	Quantity Variation, 52.212-9	
*	27	SBA (8a) Program Contract	
	28	Special Test Equipment, 52.245-18	

R9 CODE		REMARKS	PAGE NO.
#*	29	Data Withholding Clause, 52.227-7030	
	31	Storage Agreement	
	32	Util. of Sm & Sm Disadv Businesses	
	35	Negotiated Overhead Rates Cl., 52.216-15	
	36	Overage Calculated Incorrectly Due to Year 2000	
	37	FDD is Delinquent Due to Year 2000	
	38	Performance Based Payments	
*	40	Labor Standards Provisions, 52.222-4,5	
	41	Date Ktr Fac./Rental Stmt/Pmt Due	
@	42	Negative Preaward Survey	
	43	Jewel Bearings Clause, 52.208-1	
**	44	Arms, Ammo/Explosives, 52.223-7, 252.223-7001	
	46	Support Delegation Made	
	48	Commercial Contracts	
	49	Limitation of Cost of Funds Cl., 52.232-20-22	
	50	Payment Assigned Debt Offset Limit	
	51	Assignment of Claims Released Date	
	52	DD Form 250 Not Required Except Fast Pay	
	53	Indef. Delivery Kt. w/LISSR-CLR	
	54	Prime Admin. (Less Payment) ODO	
	55	Property Action Complete	
@	56	Manual Closeout Required by ACO	
@	60	Rights in Tech Data/Computer Software	
@	61	Restrictive Markings on Tech. Data	
@	62	ID of Restrictive Rights Computer Software	
@	63	Restrictive Marking Reviewed by Eng.	

Must be processed through the Comptroller/DFAS for Correction Input

* Automatically generated based on selected criteria

@ Assigned as Part A

** Advise Safety Office

SPECIAL CONTRACT PROVISION CODES (Circle if applicable)

CODE	EXPLANATION
A	Liquidated Damages
B	Advanced Payments Authorized
C	Progress Payments Authorized
D	Remittance Address
E	Administration of Government Property Anticipated
F	FA/Pre Prod Sample Report Approval Required
G	Flight Operations Involved (Aircraft Acceptance)
H	Dangerous/Hazardous Material Involved (Safety Cl.)

CODE	EXPLANATION
J	Anticipatory Gov. Furn Facilities Cost Approval Required
K	Bond Bailment (DPSC Clothing Contracts Only)
L	Del. Sched. on Main. Contract Requires Definitization
M	Firm Del. Sched. on Maintenance Contract Unnecessary
N	Payment to be Made in Canadian Funds
P	Del. Schedule Req. based on Del. Approval and Approval of FA
Q	Subline Item Not Separately Priced
R	Incentive Subcontract Prog. SB & SDB Concerns

NOTE ANY ADDITIONS OR DELETIONS TO ABSTRACT: _____

INDICATE THAT YOU HAVE REVIEWED THE FOLLOWING ON THE LONG ABSTRACT:

CLINS/ELINS _____ NSN NUMBER _____ FOB POINT _____ I/A POINT _____ UNIT OF MEASURE _____ TOTAL ON ORDER _____

QV _____ OVER _____ % UNDER _____ % SHIPTO/MARK FOR _____ MILSTRIP # _____ DELIVERY SCHEDULE _____

FIRST ARTICLE _____ PRODUCTION QUANTITY _____ DATA ITEMS(DD 250) _____ (LT) _____

REVIEWED BY: _____ DATE REVIEW COMPLETED: _____

APPENDIX 3
CONTRACTOR RISK ASSESSMENT SHEET

CONTRACTOR NAME: _____

DATE OF ASSESSMENT: _____

DATE OF NEXT ASSESSMENT: _____

RATING ELEMENT	Satisfactory Enter 2	Marginal Enter 1	Unsatisfactory Enter 0 *	REASON (continue below)	Source of Information
Experience					
Engineering Perform.					
Mfg. Performance					
Quality Performance					
Financial Condition					
Management					
Business Systems					
Property					
TOTALs					

16 - 15 **LOW RISK**

14 - 09 **MODERATE RISK**

08 - 00 **HIGH RISK**

TEAM SURVEILLANCE PLAN

Required routine level of surveillance []HIGH []MODERATE []LOW

COMMENTS: _____

* Any UNSATISFACTORY score indicates need for PAOCs and frequent surveillance on future contracts. The team will formulate a surveillance plan to monitor contractor performance until the unsatisfactory issues are resolved.

CONTRACT RECEIPT & REVIEW LESSON LEARNED

A. PERFORMANCE GAPS:

1. **Lack of Focus:** The benchmarking efforts disclosed a lack of focus on the integrity of the MOCAS database by some of the field offices.
2. **Check Sheet:** Team members observed that field offices utilizing check sheets (check lists) realized increased accuracy with MOCAS data integrity and provided directed focus on areas of concern for the purpose of their risk assessment.
3. **Training:** More training is required to maximize the full benefits of database integrity focus and use of a check sheet in performing risk assessment.
4. **Metrics:** DCMC metrics presently do not include measures of the contract receipt and review process. The metric for Quantity of Postawards Performed with First Article is not an adequate indicator of the wellness of the overall process.
5. **Standard Contract Format:** A standardized contract format presently does not exist across the services or buying offices. This creates a problem with the review and extraction of similar data used in the contract receipt and review process.
6. **Contract Input:** DFAS and in some cases DCMC has the responsibility of inputting contract information into the MOCAS database. Due to the volume and complexity of contracts, numerous errors have been discovered after contract input. In addition, some field offices are experiencing contract input delays by DFAS.
7. **PLAS:** A significant amount of the hours expended in the area of contract receipt and review were found to be inconsistently input into the PLAS system due to poor direction and misunderstanding of the PLAS input codes. Various site visits disclosed hours being changed to functional "Home Codes" or where MOCAS data integrity efforts were concerned, the Code 197 (Support to DFAS). Code 031, Contract Receipt, Review and Postaward, also included hours for contract review, filing and other inputs that fall outside the realm of initial contract review and postaward.

B. STRENGTHS:

1. Use of bulk filing for Part B contracts.
2. Several CAOs developed in house contract review training classes.
3. Several CAOs developed internal metrics/tools (database) to track cycle time.
4. Use of DD Form 1716 log that tracks DFAS errors.
5. Use of a Data Integrity Check Sheet to review new contracts/abstracts against MOCAS
6. Use of a Centralized Data Integrity Group to receive, distribute, folderize and review contracts as well as make corrections to MOCAS.

C. WEAKNESSES:

1. Lack of consistency from team to team in the CRR process.
2. New contracts held by ACO team until abstracts are received in lieu of distributing contracts to functional specialists when contract received.
3. PLAS hours not being charged correctly or consistently.
4. Too many people reviewing the same contract for the same data (i.e. Procurement Technician/ACO/CA).
5. Follow-up actions with DFAS not being done in a timely manner for contracts awaiting abstracts and input by DFAS.

CONTRACT RECEIPT & REVIEW METRICS

1. **TIMELESS** - Measures the percent of contracts reviewed from date of receipt, through risk assessment by technical specialist, to date of postaward determination (excluding Postaward Orientation Conference). Goal: Eighty percent of contracts will be reviewed within 10 days.

Equation: Sum total of number of contracts where the DLA Form 1533 dates minus contract receipt dates are greater than 10 days divided by the total number of contracts received for a given time period.

2. **CYCLE TIME** - Measures the average number of days for a contract to move through the review cycle.

Equation: Sum total of DLA Form 1533 dates minus contract receipt dates divided by total number of contracts for a given time period.

3. **PRODUCTIVITY** - Measures the average time to review a contract.

Equation: Number of hours charged to PLAS Code 031 (less estimated postaward hours) divided by the number of contracts received for a given time period. (*Note: We are only measuring contract receipt and review therefore, the hours incurred for the postaward portion must be subtracted from the total hours to get to the contract receipt and review hours.*)

4. **QUALITY** - Measures rate of contracts received with input errors.

Equation: Total number of new contracts in which the database reflects one or more input errors divided by the total number of contracts received for a given time period.

**CONTRACT RECEIPT, REVIEW AND POSTAWARD
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